

AR07



ANNUAL
REPORT
1968

Annual Meeting of Shareholders of Nahanni Mines Limited
Thursday, June 26, 1969 at 2.00 P.M. (Toronto Time)
Windsor Room — King Edward Sheraton Hotel
37 King Street East, Toronto 1, Canada

*Seventh
Annual Report
1968*

NAHANNI MINES LIMITED

EXECUTIVE OFFICE:

SUITE 915, 25 ADELAIDE STREET EAST, TORONTO 210, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
D. M. RIDOUT - - - - - Vice-President
S. WISEBROT - - - - - Secretary-Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto
D. M. RIDOUT - - - - - Toronto
J. F. SHIRRIFF - - - - - Toronto

CONSULTANTS

Precambrian Mining Services Ltd. - - - Yellowknife
Surveymin Limited - - - - - Toronto

AUDITORS

Price Waterhouse & Co. - - - - - Toronto

BANKERS

Royal Bank of Canada - - - - - Toronto

REGISTRAR AND
TRANSFER AGENTS

Guaranty Trust Company of Canada
88 University Ave., Toronto

NAHANNI MINES LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

It is a pleasure to review your company's progress in this seventh annual report, which also includes financial statements for the year ended December 31, 1968.

During March, 1969, 110,000 treasury shares were sold to net the company \$38,500. No options are now outstanding on any shares of the company.

Your directors have carefully reviewed the current financial position of Nahanni Mines and have decided that additional funds are required to finance the various exploration projects now in progress or being planned.

A rights offering, open to all shareholders, is planned during July, 1969, subject to obtaining the requisite approvals of the proper authorities. Shareholders will be able to purchase one new share for each two shares held as of the record date of the offering.

Artillery Lake Agreement: Your directors have approved an offer to purchase the remaining 50% interest in the 400 claim Artillery Lake block from Fort Reliance Minerals Limited for 50,000 escrowed shares of Nahanni treasury stock.

Management believes that this agreement is in the best interest of Nahanni shareholders.

If approved by Fort Reliance shareholders, it will become effective July 31, 1969, so that the rights on these shares will not be available to Fort Reliance in the proposed financing program.

EXPLORATION

NORTH RIM PERMIT — SASKATCHEWAN: Nahanni has acquired a 50% interest in a mineral prospecting permit in the Wollaston Lake uranium area where Gulf Oil is drilling an impressive uranium prospect. The remaining interest in this permit containing 192,000 acres (300 square miles) is owned by More Mines Limited.

An exploration program costing at least \$30,000 is planned for this permit during 1969 and should be underway next month. It will be financed jointly by Nahanni and More Mines.

ARTILLERY LAKE NICKEL AREA — N.W.T.: Newmont Mining Corporation acquired large property holdings in the Artillery Lake area during 1968. This company reported that promising indications of nickel prompted the land acquisi-

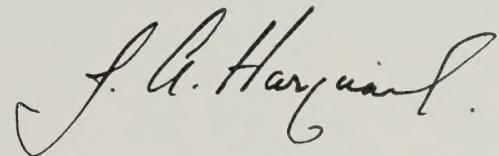
tion program. Nahanni, together with Fort Reliance Minerals, acquired by staking 400 claims (20,000 acres) adjoining to the west one of the Newmont claim blocks. The Nahanni — Fort Reliance property was acquired on the basis that each company would have a 50% assessable interest in it.

A contract has been awarded for airborne magnetic and electromagnetic surveys over our property. The program is now in progress and it will be followed by ground geophysical and geological surveys later in the summer. This program will probably cost about \$30,000. The company's consultants have advised that, as a result of their study of photographs of our Artillery claims and their knowledge of the geology of the district, Nahanni's 400 claims cover attractive geological structures.

A busy season is anticipated with exploration in progress on company properties in the Wollaston Lake uranium area and in the Artillery Lake nickel districts. The location of these and other active districts is shown on the map accompanying this report.

Shareholders will be kept informed of significant developments.

On behalf of the Board,



President.

Toronto, Ontario
June 12, 1969

General Location Map · Mineral Prospects

OIL AND GAS LAND HOLDINGS

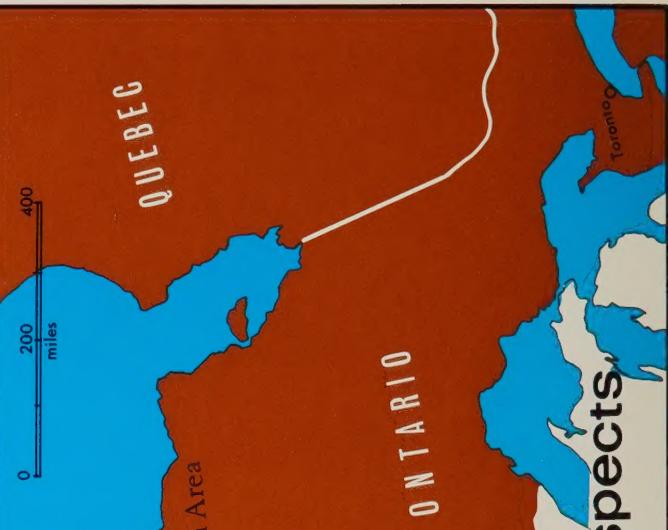
Trio Syndicate	{ Redstone Mines — 50% Fort Reliance — 25%
Viscount Melville	— 982,545 acres
North Shore	— 133,164 acres
Yukon Permit	— 52,982 acres

Whitehorse Basin Syndicate	{ Fort Reliance — 12.5% Redstone — 12.5%
Basin Permits	— 614,340 acres

Royalty Interests in Oil and Gas Production

North Decalta	— 3% Gross Overriding Royalty in 82,540 acres
South Decalta	— 15% net carried interest in 117,630 acres
Worldwide	— 2.5% Gross Overriding Royalty in 88,428 acres
	{ Redstone Mines — 50% Fort Reliance — 25%

Mineral Districts



Wollaston Lake Uranium Area

map by des. of shanassy
JUNE '69

LEGEND

- 1** FORT RELIANCE / ENSIGN PERMITS
Under option to Great Plains Development
- 2** FORT RELIANCE (50%) - ENSIGN OILS (50%)
Permits 6 and 7
- 3** NAHANNI MINES (50%) - MORE MINES (50%)
North Rim Permit

NORTHWEST TERRITORIES
SASKATCHEWAN

Beaverlodge Uranium Mine
ELDORADO NUCLEAR

GULF

TERRITORIAL URANIUM

NEWLUND - LOUVICOURT

NORTH RIM PERMIT

CANADA SOUTHERN PETROLEUM

GULF

Lake Athabasca

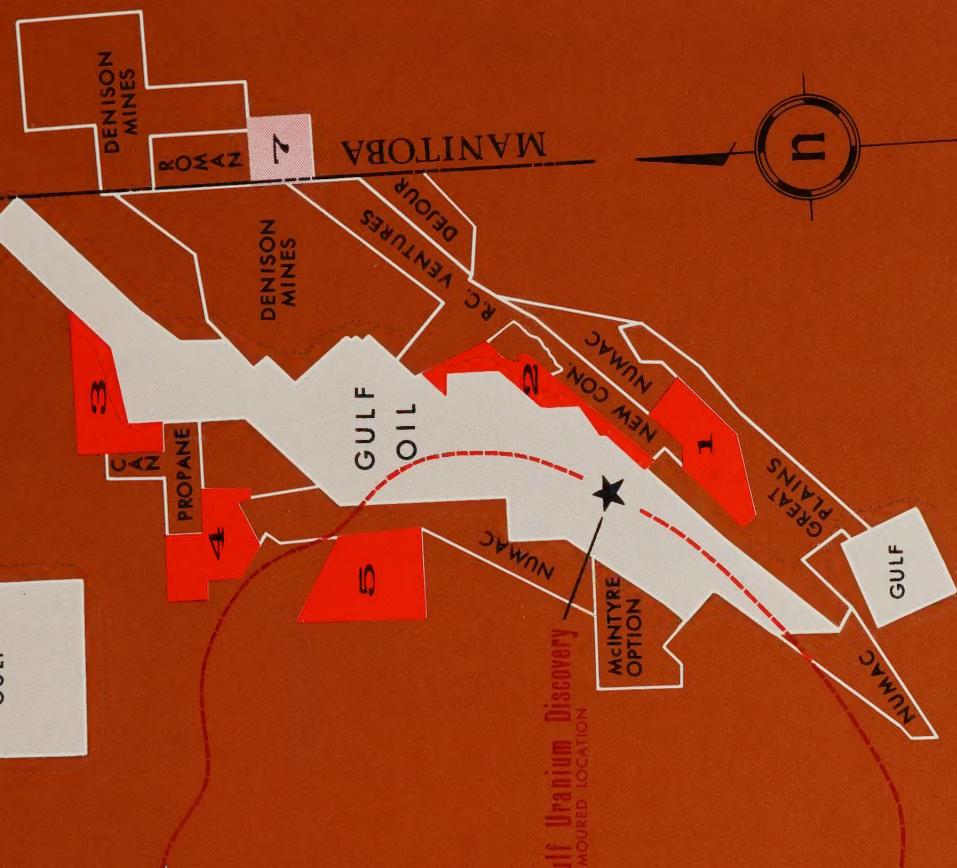
ELDORADO NUCLEAR

NAT. NICKEL

McINTYRE PORCUPINE

Approximate Contact
Athabasca Sandstone

ALBERTA



0 12 24 36 48
miles

NAHANNI MINES LIMITED

BALANCE SHEET

ASSETS

	December 31	
	1968	1967
Current Assets:		
Cash	\$ 16,945	\$ 5,746
Short term note receivable	—	40,000
Accounts receivable	1,000	1,171
Due from associated company	—	200
	<u>17,945</u>	<u>47,117</u>
Investments (Note 3)	37,600	20,928
Interest in exploration syndicates and projects	18,157	8,767
Deposit on prospecting permit (Note 4)	12,354	—
Mining claims held under prospectors' licences (Note 2)	2,100	2,100
Deferred prospecting and exploration expenses, per statement attached	89,017	88,770
	<u>\$ 177,173</u>	<u>\$ 167,682</u>

LIABILITIES

Accounts payable	\$ 5,520	\$ 1,478
Due to associated company	4,596	—
	<u>10,116</u>	<u>1,478</u>
Shareholders' Equity:		
Capital stock —		
Authorized — 5,000,000 shares without par value		
Issued and fully paid —		
140,500 shares for the assets of Nahanni Sixty Syndicate (acquired in 1962)	35,125	35,125
310,222 shares for cash	93,070	93,070
816,300 shares for the net assets of Point Prospecting Syndicate (acquired in 1966)	74,020	74,020
	<u>1,267,022</u>	<u>202,215</u>
Deficit, per statement attached	(35,158)	(36,011)
	<u>167,057</u>	<u>166,204</u>
	<u>\$ 177,173</u>	<u>\$ 167,682</u>

Approved on behalf of the Board:

J. A. HARQUAIL, Director.

D. M. RIDOUT, Director.

AUDITORS' REPORT

To the Shareholders of
Nahanni Mines Limited:

We have examined the balance sheet of Nahanni Mines Limited as at December 31, 1968 and the statements of income and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 2, 1969.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

NAHANNI MINES LIMITED

STATEMENT OF INCOME AND DEFICIT

	Year ended December 31	
	1968	1967
INCOME:		
Interest earned	\$ 637	\$ 2,875
EXPENSES:		
Legal and audit fees	1,196	1,403
Accounting and secretarial services	6,000	6,000
Transfer agent and registrars' fees	700	694
Licences, filing and listing fees	87	617
General	6,106	6,111
Advertising and public relations	1,331	1,566
	<u>15,420</u>	<u>16,391</u>
Loss for the year before the undernoted item	14,783	13,516
(Gain) loss on sale of securities	(15,636)	153
(Net income) loss for the year	(853)	13,669
Deficit at beginning of year	36,011	—
Administrative expenses deferred at December 31, 1966, written off in 1967	—	23,342
Administrative expenses of prior year recovered	—	(1,000)
Deficit at end of year	<u>\$ 35,158</u>	<u>\$ 36,011</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended December 31	
	1968	1967
FUNDS PROVIDED:		
Net income for the year	\$ 853	\$ 1,213
Sale of investments	28,638	—
Add (deduct) — Loss (gain) on sale of investments included in income	(15,636)	153
	<u>13,002</u>	<u>1,366</u>
Recovery of expenses paid in a prior year	—	1,000
	<u>13,855</u>	<u>2,366</u>
FUNDS APPLIED:		
Loss for the year	—	13,669
Prospecting and exploration costs	247	2,474
Increase in interest in prospecting syndicates	9,390	5,661
Purchase of investments	29,674	1,936
Deposit on prospecting permit	12,354	—
	<u>51,665</u>	<u>23,740</u>
Decrease in working capital	<u>\$ 37,810</u>	<u>\$ 21,374</u>

NAHANNI MINES LIMITED

STATEMENT OF DEFERRED PROSPECTING AND EXPLORATION EXPENSES

For the year Ended December 31, 1968

	Cumulative to December 31, 1967	Expended in 1968	Cumulative to December 31, 1968
Aircraft charter	1,272	—	1,272
Line cutting	2,713	—	2,713
Geophysical surveys	23,368	—	23,368
Share of hydro power project survey costs incurred in association with Calgary Power Limited	1,475	—	1,475
Salaries and wages	19,127	—	19,127
Unemployment and compensation insurance	1,391	—	1,391
Consulting fees	9,545	—	9,545
Travel	4,743	—	4,743
Licences and fees	1,639	220	1,859
Sampling, assaying, maps, etc.	3,436	20	3,456
Equipment	289	—	289
Freight and haulage	9,184	—	9,184
Materials and supplies	9,480	—	9,480
Insurance	186	—	186
Sub-contracting development	115	—	115
Telephone, telegraph and sundry expenses	807	7	814
	<u>88,770</u>	<u>247</u>	<u>89,017</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1968

- On June 4, 1968, 110,000 shares of the company were reserved for the granting of incentive options to its officers or other employees at a price of 35¢ per share. Options were granted to two officers, one of whom is a director, on these shares at a price of 35¢ per share. These options were exercised in full during March, 1969, and the company received \$38,500 for 110,000 shares.
- The company holds 100% interest in 145 mineral claims and is the beneficial owner of a 50% interest in a group totalling 418 claims, all of which are located in the MacKenzie Mining District of the Northwest Territories, Canada. The 418 claims are being explored with costs being shared equally with another company which owns the remaining 50% interest in the claims.

Except for 14 claims with a value of \$2,100 thereon, the claims are carried in the books of the company with no assigned value.

- The company held the following investments as at December 31, 1968:

	Average cost
5,900 shares of Cumont Mines Limited (purchased in 1968)	\$ 7,130
119,288 shares of Redstone Mines Limited, acquired partly for cash and partly for shares	30,470
	<u>\$37,600</u>

The market value of the shares of Cumont Mines Limited based on quotations as at December 31, 1968 was \$8,260. As the shares of Redstone Mines Limited are not listed on a stock exchange, there is no reliable guide to market value.

- Bonds having a par value of \$25,000 were deposited during 1968 with the Province of Saskatchewan upon issuance of one prospecting permit in the Wollaston Lake area of the province for the year ending December 31, 1969. This deposit is refundable upon the completion of a \$30,000 work requirement during 1969. Nahanni has a 50% interest in this deposit and the same interest in the 192,000 acre prospecting permit.



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